

# Prasol Chemicals IPO

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- The company is engaged in the manufacturing and marketing of speciality chemicals having complex and differentiated chemistries.
- It enjoys virtual monopoly for some of its specialized products that gives required level of performances.
- The company marked steady growth in its top and bottom lines for the reported periods, and has also paid dividend for FY24 to FY26.
- Based on its recent average financial data, the issue appears aggressively priced.
- However, well-informed investors may park funds for medium to long term.

## About the Company

Prasol Chemicals Ltd. (PCL) was incorporated in 1992 and with over 33 years of experience in the specialty chemicals industry, it is a forward integrated manufacturer of acetone and phosphorous based specialty chemicals and other specialty chemicals involving complex and differentiated chemistries. According to the CARE Report it is a highly diversified specialty chemical player with over 150 specialty chemical products and over 1,600 customers and exports to 69 countries, as of July 15, 2026.

Its products find diversified applications across numerous industries with 5 key segments being: (a) performance chemicals (including lubricant additives and mining chemicals); (b) PICA viz., paints, inks construction, & adhesives; (c) pharmaceuticals; (d) agrochemicals; and (e) home and personal care (Application Industries). As of June 30, 2026, its comprehensive product portfolio comprised over 150 specialty chemical products comprising:

- 21 acetone-based specialty chemicals. Acetone is a colorless, highly volatile and flammable organic chemical compound with a pungent odor;
- 53 phosphorous-based specialty chemicals. Phosphorous is a highly reactive chemical element; and
- 76 other specialty products including non-acetone and non-phosphorous based customized specialty chemicals such as surfactants, performance additives, ethers, esters, polymers, and acids.

According to the CARE Report, during the calendar years 2022-2025, PCL is the largest importer of acetone in India to produce the most diversified range of acetone-based specialty chemicals in India such as diacetone alcohol, and isophorone hexylene glycol, meta xyleneol and others. It is also the only manufacturer of isophorone in India. During the calendar years 2022-2025, the company was also among the top 5 users of yellow phosphorous in India to produce phosphorous-based specialty

chemicals such as phosphorous, pentasulphide phosphorous pentoxide, dithio-phosphates for lubricant additives and flotation reagents, polyphosphoric acid, DETC and other phosphate esters. Further, according to the CARE Report, specialty chemicals are specifically produced or formulated substances designed for functions and applications.

Unlike commodity chemicals, which are mass-produced, specialty chemicals are manufactured in smaller quantities, with a strong emphasis on quality, performance, and customization to meet the unique demands of various industries. The quality of these chemicals is crucial, as it directly impacts the performance and safety of the end products. It is a 3 Star Export House company as certified by the Government of India certified with a robust global distribution network spread across 63 countries in Asia-Pacific (APAC), North America, South America and Europe as on June 30, 2026. Its average revenue mix is around 73% domestic, and the rest from exports. As of June 30, 2026, it had 775 employees on its payroll and additional 238 contract labour in various departments.

## Issue Details / Capital History

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The company is coming out with its maiden book building route combo IPO worth Rs. 500 cr. (approx. 7396450 equity shares at the upper cap). The IPO consists of fresh equity shares worth Rs. 80.00 cr. (approx. 1183432 equity shares at the upper cap) and an Offer for Sale (OFS) worth Rs. 420.00 cr. (approx. 6213018 equity shares at the upper cap). The company has announced a price band of Rs. 643 – Rs. 676 per equity shares of Rs. 2 each. The issue opens for subscription on September 08, 2026, and will close on September 10, 2026. The minimum application to be made is for 22 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. The issue constitutes 12.50% of the post-IPO paid-up equity capital. From the net proceeds of the fresh equity issue, the company will utilize Rs. 60.00 cr. for repayment/prepayment of certain borrowings, and the rest for general corporate purposes.

The company has allocated not more than 50% for QIBs, not less than 35% for Retail investors and not less than 15% for HNIs.

The sole Book Running Lead Manager (BRLM) to this issue is DAM Capital Advisors Ltd., while KFin Technologies Ltd. is the registrar to the issue. Sharekhan Ltd. is a syndicate member.

After issuing initial equity shares at par value, the company has issued further equity shares in the price range of Rs. 6.00 – Rs. 80.00 per share (on the basis of Rs. 2 FV), between March 2002, and July 2017. It has also issued bonus shares in the ratio of 3 for 1 in January 2022. The average cost of acquisition of shares by the promoters/selling stakeholders is Rs. 0.09, Rs. 0.88, Rs. 2.23, Rs. 2.47, Rs. 2.54, Rs. 2.78, Rs. 3.13, Rs. 3.28, Rs. 4.68, Rs. 4.81, Rs. 5.64, Rs. 6.16, Rs. 9.77, Rs. 15.23, Rs. 15.85, Rs. 18.97, Rs. 21.25, and Rs. 62.50 per share.

Post-IPO, its current paid-up equity capital of Rs. 11.60 cr. (58000000 equity shares) will stand enhanced to Rs. 11.84 cr. (59183432 equity shares). Based on the upper cap of the price band, the company is looking for a market cap of Rs. 4000.80 cr.

## Financial Performance

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On the financial performance front, for the last three fiscals, the company has posted a total income/net profit, of Rs. 887.56 cr. / Rs. 18.13 cr. (FY24 - consolidated), Rs. 1015.54 cr. / Rs. 43.57 cr. (FY25 - consolidated), and Rs. 1237.85 cr. / Rs. 83.12 cr. (FY26 - standalone). The company posted steady growth in its top and bottom lines for the reported periods. Its contingent liability at Rs. 10.02 cr. / commitments of Rs. 99.11 cr., as of March 31, 2026, and rising trade receivables year-on-year, raise concern.

For the last three fiscals, the company has posted an average EPS of Rs. 10.19 and an average RoNW of 14.15 %. The issue is priced at a P/BV of 8.74 based on its NAV of Rs. 77.33 as of March 31, 2026, and at a P/BV of 7.57 based on its post-IPO NAV of Rs. 89.30 per share at the upper cap.

If we attribute FY26 super earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at P/E of 48.11. Based on FY25 earnings, the P/E stands at 91.85. The issue appears aggressively priced based on its recent average performance.

For the reported periods, the company has reported PAT Margins of 2.07% (FY24), 4.30% (FY25), 6.74% (FY26), and RoCE margins of 12.61%, 14.95%, 22.43%, respectively, for the referred periods.

## Dividend Policy

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The company has paid dividend of 15% for FY24 / FY25, and 60% for FY26. It has already adopted a dividend policy in February 2022, based on its financial performance and future prospects.

## Comparison with Listed Peers

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As per the offer document, the company has shown Aarti Ind., Atul Ltd., Laxmi Organic, Vinati Organic, Privi Spl., Yasho Ind., and Excel Ind., as its listed peers. They are currently trading at a P/E of 34.8, 24.0, 38.8, 27.3, 37.7, 93.2, and 18.2 (as of September 03, 2026). However, they are not truly comparable on an apple-to-apple basis. This comparison appears to be an eyewash. This comparison appears to be an eyewash.

## Merchant Banker's Track Record

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The sole BRLM associated with this issue has handled 17 IPOs in the last three fiscals and out of which 4 IPOs closed below the issue price on listing date.

## Conclusion / Investment Strategy

PCL is engaged in the manufacturing and marketing of speciality chemicals having complex and differentiated chemistries. It enjoys virtual monopoly for some of its specialized products that gives required level of performances. The company marked steady growth in its top and bottom lines for the reported periods, and has also paid dividend for FY24 to FY26. Based on its recent average financial data, the issue appears aggressively priced. However, well-informed investors may park funds for medium to long term.

## About Dilip Davda

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Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

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